30 July 1955

MEMORANDUM FOR THE RECORD

SUBJECT: NSC Summit Discussion - 28 July 1955

At the NSC Meeting on 28 July the President commented that Bulganin's initial reaction to the President's proposal for a mutual listing and aerial inspection of armament facilities had been favorable. At the buffet later in the day, however, Khrushchev told the President that he didn't think much of the idea. Khrushchev inferred that this was the type of scheme which would have much public appeal and was really aimed at checkmating the other side in the propaganda field.

Khrushchev then asked the President if the latter would accept the Soviet proposal for inspection teams at rail-junctions, airfields, ports, etc. The President splied that both the United States and the Soviet Union were large countries and consequently a great many inspectors would be needed. Khrushchev then said that the Soviet suggestion had been brought out as a talking point.

The President replied that he would offer to accept both the Soviet and U.S. plans for inspection as a package. At this point Khrushchev was nonplussed and showed no further inclination to discuss the subject. The President pointed out that this was one instance where a difference of opinion showed up between the Soviet leaders (i.e. between Khrushchev's and Bulganin's reactions to the President's inspection plan).

Communist China the President said that he had told Bulganin at Gneva that the USSR would have to try to curb the aggressiveness of Communist China. He warned Bulganin that otherwise the Chinese Communists could start something that "all of us" would regret.

Bulganin replied that the USSR had already cut off the shipment of military aid to Communist China. Bulganin added, according to the

NSA & NSC Declassification/Release instructions on File.

President, that "The more we give them the more they want." The President pointed out that the fact that we had good evidence that the USSR was still shipping military aid to Communist China did not belie Bulganin's statement as the material could be in the pipelines long after a Soviet decision had been made to stop the further flow.

R. V. M.

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NSC BRIEFING 27 July 1955

#### INDONESIA

- I. In President Sukarno's absence, Vice President Hatta is conducting discussions with leaders of Indonesia's 20 parliamentary parties and factions and hopes to appoint a cabinet formateur by Friday, 29 July.
  - A. Ali cabinet, which resigned 24 July, continues in office as caretaker government.
- II. Formation of new cabinet is complicated by fact it must be acceptable to army.
  - A. Army leaders, who forced cabinet collapse, reportedly told all parties that formation of new cabinet will not in itself solve army crisis.
  - B. Army is expected to press new government for guarantees on army policy--particularly with regard to organization and training and for thorough understanding

on limits of political influence in Approved For Release 2001/09/01: CIA-RDP80R01443R000400080002-9 military establishment Approved For Release 2001/09/01: CIA-RDP80R01443R000400080002-9
III. Hatta and Sukarno are expected despite presFORMATION OF REGULAR PARLIAMENTARY CABINET, DESPITE
PRES sure from fermor opposition parties——led by

Masjumi--for "presidential cabinet" (appointed by president and responsible to parliament).

- A. No clear indication yet who has inside track--Hatta known to be partial to Masjumi, but Sukarno would prefer a representative of some other party as new premier.
- IV. Cabinet formation in Indonesia is lengthy procedure.
  - A. Formation of last four cabinets required from five to ten weeks.
  - B. With elections close at hand--29 September--sharp bargaining may not seem essential, and matters may be speeded up.
  - C. Hatta favors speedy formation of cabinet.
- If cabinet negotiations last month or more,
  Indonesia's first national elections may be
  delayed.

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A. Indonesian government is highly centralized and during period of cabinet formation, all but most routine activity
stops.

- B. Preparations for elections have not been completed.
- C. Moreover, Ali government, faced with prospect that a new cabinet will be in office at time of elections, will have little incentive for meeting present election deadline.
- D. Incoming regime will also probably wish to inspect electrical machinery before proceeding.

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### **PHILIPPINES**

- I. Long-smouldering feud between President

  (HIS FELLOW PARTY MEMBER)

  Magsaysay and ultranationalist Senetor

  Recto, has finally erupted into open political break.
  - A. Basic issue between the two has been whether or not Philippines should pursue a pro-American policy.
- B. Immediate cause for split was Recto's charge that Philippine recognition of South Vietnam was dictated by US and that Magsaysay was an "American puppet."
  - II. Magsaysay, who has soft-pedeled Recto problem in interest of Nationalista Party harmony, has taken off the gloves.
    - A. Publicly announced that he would oppose
      Recto's renomination in November, and
      would campaign against him if he is
      nominated.

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B. President is also reported to have

instructed his senatorial supporters to take a firm stand against Recto.

- III. Recto is expected to continue maintain virulent anti-Magsaysay, anti-US attitude.
  - A. He has indicated that he may seek to form a new political party, and he threatened to run against Magsaysay in 1957 if the latter again runs for the presidency.
  - B. Other reports indicate that he is attempting to obtain support of opposition Liberal Party senators.
  - C. Present support consists of a small handful of "old guard" Nationalista senators.
  - D. It is significant, however, that these-particularly Jose Laurel--have not yet
    backed him up in break with Magsaysay.
- ping political climate, Recto will prob-

-2-

## 

# WORLD "BLUEPRINT" REACTION

- I. Within Communist Bloc, no official Soviet reaction to President's proposal yet seen.
  - A. Highest-level comment to date came from presidium members Malenkov and Pervukhin during 23 July chat with Embassy Counselor Walmsley.
    - 1. In response to prodding by Walmsley, pair said Blueprint "is one of proposals Soviet Government will examine attentively:" also alluded to Bulganin's opener at Geneva (as USSR's view) and inquired US attitude toward Soviet 10 May disarmament proposal.
  - B. Although TASS news account (including 450-word summary President's proposal) was printed in all papers and broadcast on home service, Moscow later glossed it

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to 21 July session or in subsequent
propaganda.

- C. Top Pravda man (Yuri Zhukov) at conference said "We had thought there might be a rabbit in the hat, but we did not expect anything on this scale."
  - 1. Claiming that Soviet delegation was nonplussed by proposal, Zhukov said, "You Americans have built up a house of friendship and conciliation, and then suffocated us with the bricks that came tumbling down all around us."
  - 2. Zhukov added that, as expert in such matters, he recognized proposal as dramatically contrived propaganda angle, but thought—on basis president's performance—it was more than mere propaganda."

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- 3. In answer to suggestion that USSR should now make some gesture of good faith, said "we have been thinking about this all week...and will give evidence that we have done so," adding "Remember, this is no longer the time of Stalin."
- D. According to INS representative
  Kingsbury Smith, European Communist
  newsmen at Geneva disparaged plan.
  - Circulated word that Soviet delegation did not regard plan seriously,
     but would not reject it outright.
  - 2. Said USSR would consent to plan's consideration by UN Disarmament Commission, but without expectation it will be implemented.
  - Claimed proposal violated principle of national sovereignty.
- II. European Satellite propaganda on Blueprint

offer is following line of "file and forget." Approved For Release 2001/09/01: CIA-RDP80R01443R000400080002-9

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A. Example: 22 July broadcast commentary by Czechoslovakia's special correspondent in Geneva (Vladimir Tyl)
"...Yesterday, Pres. Eisenhower presented another proposal which was not in direct connection with disarmament but which, in author's opinion, can contribute to conviction that US and USSR are seeking reduce danger of another war.

"Although would be unjust doubt
Eisenhower's good will to contribute
with this proposal to tranquility of
public opinion, grave doubts do arise
as to possibility of actually doing this
because it would violate elementary
sovereign rights of each nation."

B. Another example: 22 July home service broadcast by East Germany's Geneva commentator (Reinhardt): "...Eisenhower

yesterday submitted, with much rhetoric, Approved For Release 2001/09/01: CIA-RDP80R01443R000400080002-9

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a memorandum by which even Western circles were somewhat embarrassed—a memorandum, in the drafting of which he had searched his mind and heart for something that might convince everyone of the sincerity of US in the disarmament question."

"But, unfortunately, Eisenhower did not propose real disarmament and the banning of atomic and hydrogen weapons. He demanded only a control, a so-called alarm which by itself, in the way he proposed, would in the final analysis only amount to the registration of an act of aggression at the last minute—a plan which does not really get down to the heart of the matter."

"Such control could certainly occupy a very important place in a thorough-going system of disarmament,

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had already stated. But alone, without
real measures for disarmament, it
just will not suffice."

"If, however, it is to be a first
American step and others are to be expected from the Americans, it can nevertheless be a positive linking-up point."

- Daily, has not referred explicitly to the Blueprint proposal, but observed on 26 July that summit "discussions on European security and armaments reduction, in particular, showed that all the participants desired to reach a solution agreeable to all on these two important questions."
  - A. This following of <u>Pravda's</u> line implies
    ChiComs may be waiting for word from
    Moscow before directly commenting on
    proposal.

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IV. European public reaction gives the blue
print proposal general credit for improving

atmosphere at Geneva, and holds that Its

presentation greatly enhanced President's

prestige. However, official reaction to

its practicality is varied.

- A. UK's Eden, back in London, called it
  "very imaginative." "But," he added,
  "there are other offers we have got to
  examine, and all these can now be
  taken up and pursued."
  - UK press reaction reflected Eden.
     On 22 July, proposal was headlined in all papers except <u>Daily Worker</u>.
     Since then, little notice.
- B. French press has linked proposal to
  Faure's "new idea" (inspection by budget
  examination): both are cited as important psychological gestures and as
  evidence of West's desire find "practi-

cal" solutions to disarmament problem
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- claimed a chance for eventual
  Soviet acceptance of President's
  "open skies" proposal (as INS
  called it), because USSR indicated
  at Geneva they may now be willing
  follow peaceful path.
- C. In contrast to UK coolness, French dispassion, Chancellor Konrad Adenauer told US officials on 25 July that proposal was "of decisive importance."
  - 1. Adenauer stated he had been struck
    by Soviet delegation's "reserve,
    change in atmosphere, and defensive
    attitude" following introduction of
    the proposal.

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#### ADD "BLUEPRINT"--TITO COMMENT

- I. Tito, in speech before large audience at
  Karlovac on 27 July, reviewed Yugoslav
  foreign relations. Commenting on summit,
  he singled out "blueprint" as proof that
  President is "wise statesman who sincerely
  wishes peace."
  - A. Described proposal as "idealistic," rather than "realistic," and declared it would need time to be realized.
  - B. Said any interpretation of Soviet silence on proposal as indication USSR did not want peace is "malicious propaganda," AND "STUPIOITY."
    - 1. Declared: "I am convinced that the Russians want peace, just like the Americans do."

II. This probably most friendly Yugoslav comment yet on US foreign policy action.

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COMMENT ON SUMMIT MEETING

I. As yet, no significant interpretive Soviet comment which would give clue to policy in coming months. Press and radio have covered conference developments fully, but comment has been confined to statements of satisfaction over friendly atmosphere created at Geneva.

- A. Bulganin and Khrushchev stopped Berlin on way home, reaffirmed Soviet policy on Germany.
  - 1. Bulganin "Any solution of German problem must take into consideration opinion" of both East and West Germany. Progress toward unity depends on a "mutual approach between the two parts of Germany."

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- 2. Khrushchev (26 July) emphasized
  "political and social achievements"
  and "democratic reforms" of East
  Germany could not be abolished in
  any unified Germany.
- B. Such statements intended to reassure nervous East German leaders about negotiations on Germany, either among four powers or in talks with Adenauer this fall.

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Province
(protected)

Interesting to note that Ulbricht failed to appear at either of two recent visits Khrushchev and Bulganin to Berlin.

- Ulbricht rumored fallen into disfavor with Kremlin because his opposition Soviet policies.
- 2. On other hand, may merely be ill or on vacation (same time last year, was on vacation, although fact not reported by East German press.

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- II. In Satellites, cumulative effect some recent Soviet moves (conclusion of Austrian treaty, overtures to Yugoslavia) raised wild hopes for Summit developments such as withdrawal Soviet troops from Hungary and Rumania, free elections, general neutralization.
  - A. No specific reports popular reaction to Summit yet received from any Satellite.
  - B. US legation Budapest, however, believes that feeling of depression is setting in among the Hungarian people, who had desperately pinned hopes on Summit.
    - rejection of Satellite status as subject for conference agenda, and final communique's failure mention this subject, as undoubtedly "great disappointment" to majority Hungarians.
- 2. Legation believes "exaggerated pes-Approved For Releaser 2081/09/011 CIA-RDP80R01443R000400080002-9

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4. Alexis Johnson same reaction as our

Budapest legation as regards

Czechoslovak situation.

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III. Need for policy guidance

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- VOA, RFE and

in dealing with satellites,

as their public opinions will be going through difficult days. For example: Should we say that Austrian and Yugoslav policies and developing East German program indicate long-range or medium-range Soviet policy of scrapping present satellite leaders and evolution whole satellite setup -- obviously

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## SOVIET MILITARY AID TO PEIPING

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I.

evidence (including official Peiping announcements) indicate

ChiComs continuing receive extensive Soviet

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military aid.

A. From 1950 to date.

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military equipment and aviation fuel have constituted a substantial part of all Soviet exports to Communist China (52-54, annual average--\$600

- B. On 6 July, presenting its 1955 budget report, Peiping publicly praised Soviet military assistance to China in following terms:
  - c. Reporting a revenue increase in '55 of some \$40 million (in the category of loans received and other miscellaneous income) Peiping said "The main reason

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Approved For Release 20q 0400 Sec. 1443R000400080002-9 fact that (aside from the equipment which the Soviet government turned over without compensation to our government when the Soviet forces withdrew by the end of May 1955 from the naval base of Port Arthur, jointly used by the two countries) the Soviet government handed over to us much military material in the form of a loan. Such an enormous assistance extended to us by the Soviet government is an expression of the constant growth of the great, unbreakable friendship between the Soviet Union and China."

C. In addition to such loans and gifts of

25X1D1a Soviet military equipment, we know

NSA that ChiCom purchases of

military equipment from Soviet Engineering Directorate (foreign trade agency
for military items), under two nations'
regular barter trade agreement, has conApproved For Release 2001/09/01: CIA-RDP80/R01438000400080002-9

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II. To consider specific items of military equipment and supply, we have the following examples of Soviet aid:

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some 300 MIG-15's (belonging to Soviet units at Port Arthur prior to May evacuation).

3. These transfers presumably have raised ChiCom jet bomber strength to 300-325 (from pre-Mar 55 total of some 150).

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Receipt of Port Arthra MIG's would raise known ChiCom jet fighter strength to about 1,050 (this may actually be higher,

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B. Aviation Fuel: ChiComs must import all aviation fuel, since they do not produce either jet fuel or aviation gasoline.

1. Of an estimated 100,000 tons of fuel (value--\$5 million)consumed by ChiCom Air Force up to July 55,

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at least 30,000

tons of Soviet regulation T-1 jet fuel came in Soviet tankers from Black Sea to Vladivostok, for onward rail delivery to Manchuria.

2. The Dzemgi refinery (at Komsomo sk, in Soviet Far East) probably supplied a further 40,000 tons (with

planned deliveries in July of Approved For Release 2001/09/01: CIA-RDP80R01443R00040080002-9

...A \_

- China's remaining need for aviation fuels presumably was met by rail shipments from western USSR (as in past years).
- C. Naval vessels: On 28 June 55, two more destroyers and four more submarines arrived at Tsingtao from Far Eastern USSR. When formally transferred to the ChiCom navy, they will bring these forces to a total of 4 DD's and 11 SS.
  - Peiping received its first two DD's
    in Sep 54, and 6 of its 7 SS since
    July 54.
  - 2. Six Soviet subchasers, which may also be earmarked for ChiComs, put into Tsingtao on 4 July.
  - Most of the Soviet naval force based at Port Arthur (4 SS, 24 torpedo boats, 6 minesweepers,

2 submarine tenders) has remained there since May evacuation. There

are indications these vessels may Approved For Release 2001/02/01 gCIA-RDP80R01143R000400080002-9

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- D. Ground Forces: Because most military equipment for ChiCom ground forces enters China by rail, we cannot determine the content or quantity of such shipments.
  - 1. We know ChiComs are in midst of program to reorganize and modernize field forces.
  - 2. Program involves increase in firepower and mobility of individual
    armies and divisions, and provision
    of tanks to armies.
  - 3. Fact that Peiping's armies are continuing modernization program clearly implies receipt of Soviet in quantity, even though we do not possess specific details.

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ET GUIDED MISSILES

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- I. Last autumn (2 October), I reported to the Council the latest intelligence we possessed on Soviet developments in the field of guided missiles, together with the US intelligence community's estimate on future Soviet progress.
  - A. At that time, I pointed out there were many things which we knew for certain about Soviet work in this sensitive field, but a great many others about which we could only hazard guesses and, finally, that we were making an intensive effort to find out more.
  - B. At that time, for example, we knew about the Soviet grab of German missile experts at the end of the war (they took away some 400 scientists and technicians, as well as German missiles, prototypes,

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knew of activity beginning at a Soviet

missile range at Kapustin Yar (near

Stalingrad) in 1947 (when German

specialists fired a dozen or so V-2's

for the Soviets).

c. But we did not know the particulars of the Soviet program for developing guided missiles - that is to say, what kinds they now have on hand and what kinds they are developing for the future.

Last year, we started a major effort to get some of these answers:

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appropriate, when the Secretary of Defense is about to tell the Council about our own progress in developing an Intercontinental Guided Missile (IBM), for me to report the latest information gathered by this community intelligence effort on the USSR's "progress in the art."

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2. Between the same dates, they also
fired about 30 missiles with an
approximate range of 800 miles.

B. Meanwhile, the Air Force's long-range radar has "seen" two missiles in flight (one on 15 June 55, and another on

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NSA

- 1. The 15 June sighting, made only two weeks after our radar went into action, appears to have show a missile with a potential range of 1,500 miles.
- 2. If confirmed by additional samples, this would put the Soviets a great deal farther along the road to possession of an IBM than we had previously estimated.
- 3. However, so far, we have only this single sample.

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4. Mereover, the next radar sighting (28 June) involved a missile with a calculated range of only some 350-500 miles.

- III. The general pattern of Soviet missile activity observed at Kapustin Yar leads CIA to believe that the Soviets are probably pushing hard for longer-range "ground-to-ground" missiles and that they are already of the time-tables we estimated last year.
  - working towards a 1,900 mile ballistic missile, built in two stages and armed with a 3,000 lb muclear warhead. They may have this missile ready for limited operational use by 59 (or, at the earliest, 57).

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Approved For Release 2001/09/01 CIA-RDP80R01443R000400080002already existing suspicion that Soviets could be ready for series production of a full-scale (i.e. 5,500 mile range) IBM by 1960 (or, at the earliest, 58). (The community's previous estimate was 1963, or 1960 at earliest).

- IV. In addition to these "queens" of the missile family, we have evidence of Soviet activity which is highly suspect as being in another guided missile category.
  - A. What we believe to be "surface-to-air"

    (or anti-aircraft) missile sites have
    been spotted in subatantial numbers (25)
    around Moscow. One of the latest of
    these observed (July 55, 50 mi. W. of
    Moscow) contained objects which could
    be "improved" Wasserfall missiles (about
    equivalent to our NIKE, with booster).
- B. Two such possible launching sites havw

  also been spotted in the Leningrad area.

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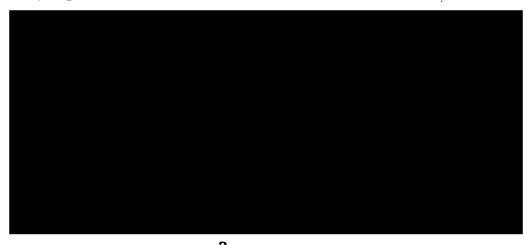
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II. These efforts have borne fruit and it seems appropriate, when the Secretary of Defense is about to tell the Council about our own progress in developing an Intercontinental Guide Missile (IDM), for me to report the latest information gathered by this community intelligence effort on the USSR's "progress in the art."

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would strengthen considerably our
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    equivalent to our NIKE, with booster).
  - B. Two such possible launching sites have also been spotted in the Leningrad area.

RETURN TO ROSIE (do these belong to you??) (DCI re-wrote these - and put on another card)

Alice

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- C. Among East German population, hopes not as extravagant as elsewhere in Satellites
  - 1. Just as German Commie Teaders
    apprehensive over forthcoming visit
    Adenauer to Moscow, E. German people
    pinning most hopes there.
- confined to official <u>People's Daily</u>, which calls for "further efforts to develop the positive achievements" of Summit talks, but "deplores failure to discuss Far Eastern questions."
  - A. Says "peoples of all countries understandably gratified by results. "Bad
    atmosphere" of cold war changing; "beginning of new phase in relations among
    big powers," (same phrase Pravda used).

Approved For Release 2001/09/01: CIA-RDP80R01443R000400080002-9 discussion and solution of urgent inter-

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- Lastern issues "very regrettable,"

  particularly lack of action on

  "Formosa situation and obstructions

  to carrying out Geneva agreements

  on Indochina..."
- B. Overall ChiCom comment follows Soviet
  line in approving results of Summit
  talks but shows greater disappointment
  than have Soviets in scanty attention
  paid to Far Eastern issues.
  - 1. Since international conference or conferences seem to offer Communists best opportunity for mobilizing political pressure against US on Far Eastern issues, ChiComs can be expected to keep idea alive, call for conference officially some time in next months.